

HOUSE BILL 1008

K1

0lr2376
CF SB 507

By: **Delegate Davis**

Introduced and read first time: February 15, 2010

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Injured Workers' Insurance Fund – Status and Renaming**

3 FOR the purpose of renaming the Injured Workers' Insurance Fund as the
4 Chesapeake Employers' Mutual Insurance Company; requiring the Company to
5 be a certain authorized mutual insurer; requiring the Insurance Commissioner
6 to issue and renew certain certificates of authority; altering the provisions of
7 law that apply to the Company that applied to the Fund; specifying that the
8 Company is a statutorily created nonprofit insurer that is not a unit of State
9 government; providing that an employee of the Company is not an employee of
10 the State and is not subject to certain laws; repealing certain provisions relating
11 to the setting of compensation and removal of employees; including certain
12 earnings as assets of the Company; providing that if the Company is placed in
13 conservatorship or receivership or becomes insolvent, the State has no liability
14 or responsibility to certain parties; providing that the State has no interest in
15 the assets of the Company; prohibiting the State from taking certain actions
16 regarding the revenues, money, or assets of the Company; providing that
17 certain employees shall continue as members of certain retirement systems
18 under certain circumstances; providing that certain employees are not members
19 of certain retirement systems under certain circumstances; providing that
20 certain employees may elect to continue as members of certain retirement
21 systems under certain circumstances; requiring that the Company is liable to
22 certain retirement systems under certain circumstances; requiring the
23 Company to notify policyholders of certain cancellations of insurance in
24 accordance with a certain provision of law; repealing the requirement that
25 employees of the Fund are State personnel; providing that the Company is a
26 certain qualifying not-for-profit organization; requiring the Company to pay to
27 the Board of Trustees certain employer contributions; providing that employees
28 who were hired by the Fund on or before a certain date are subject to certain
29 provisions relating to the removal of employees; providing that the Company is
30 the successor of the Fund; providing that the Company may trade under a
31 certain name for a certain period; requiring that functions, powers, duties,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 equipment, assets, property, liabilities, and employees of the Fund be
2 transferred to the Company; requiring the publisher of the Annotated Code of
3 Maryland, in consultation with the Department of Legislative Services, to
4 correct certain cross-references and terminology; altering certain definitions;
5 making stylistic changes; repealing duplicative provisions; and generally
6 relating to the status and renaming of the Injured Workers' Insurance Fund.

7 BY repealing and reenacting, without amendments,
8 Article – Labor and Employment
9 Section 10–101(a), (d), and (f) and 10–130(a)
10 Annotated Code of Maryland
11 (2008 Replacement Volume and 2009 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article – Labor and Employment
14 Section 10–101(c) and (e), 10–104 through 10–109, 10–113, 10–114(b), 10–117,
15 10–118, 10–120, 10–122(c) through (e), 10–125 through 10–127,
16 10–130(b) and (c), 10–133, and 10–135 through 10–138 to be under the
17 amended subtitle “Subtitle 1. Chesapeake Employers’ Mutual Insurance
18 Company”
19 Annotated Code of Maryland
20 (2008 Replacement Volume and 2009 Supplement)

21 BY adding to
22 Article – Labor and Employment
23 Section 10–119
24 Annotated Code of Maryland
25 (2008 Replacement Volume and 2009 Supplement)

26 BY repealing and reenacting, without amendments,
27 Article – State Government
28 Section 12–101(a)(1)
29 Annotated Code of Maryland
30 (2009 Replacement Volume)

31 BY repealing and reenacting, with amendments,
32 Article – State Government
33 Section 12–101(a)(2)
34 Annotated Code of Maryland
35 (2009 Replacement Volume)

36 BY repealing and reenacting, with amendments,
37 Article – State Personnel and Pensions
38 Section 2–512(a), 22–201(a)(8) and (9), and 23–201(a)(17) and (18) and (b)(10)
39 and (11)
40 Annotated Code of Maryland
41 (2009 Replacement Volume and 2009 Supplement)

1 BY adding to
 2 Article – State Personnel and Pensions
 3 Section 21–307(p), 22–201(a)(10), and 23–201(a)(19) and (b)(12)
 4 Annotated Code of Maryland
 5 (2009 Replacement Volume and 2009 Supplement)

6 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 7 MARYLAND, That the Laws of Maryland read as follows:

8 **Article – Labor and Employment**

9 Subtitle 1. [Injured Workers’ Insurance Fund] **CHESAPEAKE EMPLOYERS’ MUTUAL**
 10 **INSURANCE COMPANY.**

11 10–101.

12 (a) In this subtitle the following words have the meanings indicated.

13 (c) “Board” means the Board for the [Injured Workers’ Insurance Fund]
 14 **CHESAPEAKE EMPLOYERS’ MUTUAL INSURANCE COMPANY.**

15 (d) “Commissioner” means the Maryland Insurance Commissioner.

16 (e) [“Fund” means the Injured Workers’ Insurance Fund] **“COMPANY”**
 17 **MEANS THE CHESAPEAKE EMPLOYERS’ MUTUAL INSURANCE COMPANY.**

18 (f) “Policyholder” means an employer who holds a policy of insurance under
 19 this subtitle.

20 10–104.

21 **(A) There is [an Injured Workers’ Insurance Fund] A CHESAPEAKE**
 22 **EMPLOYERS’ MUTUAL INSURANCE COMPANY.**

23 **(B) (1) THE COMPANY SHALL BE AN AUTHORIZED MUTUAL INSURER**
 24 **UNDER TITLE 4 OF THE INSURANCE ARTICLE.**

25 **(2) IN ACCORDANCE WITH TITLE 4 OF THE INSURANCE ARTICLE,**
 26 **THE COMMISSIONER SHALL ISSUE AND RENEW CERTIFICATES OF AUTHORITY**
 27 **TO THE COMPANY TO WRITE WORKERS’ COMPENSATION INSURANCE.**

28 10–105.

29 **[(a) Except for [Title 3, Subtitle 1,] §§ 3–108, 3–121, 3–121.1, 3–123 AND**
 30 **3–123.1, Title 6, Subtitle 1[, Title 8, Subtitle 3], and Title 11 of the Insurance Article**

1 and as otherwise provided by law, the [Fund] COMPANY is subject to the Insurance
2 Article to the same extent as an authorized domestic workers' compensation insurer.

3 [(b) Notwithstanding subsection (a) of this section, the Fund shall register
4 with the Commissioner and be subject to the provisions of Title 8, Subtitle 3 of the
5 Insurance Article if the Fund operates as an administrator, as defined in § 8-301 of
6 the Insurance Article.]

7 10-106.

8 (a) Subject to subsection (b) of this section, the [Fund] COMPANY shall
9 operate [in a manner similar to] AS an authorized domestic workers' compensation
10 insurer.

11 (b) The [Fund] COMPANY shall:

12 (1) serve as a competitive insurer in the marketplace;

13 (2) guarantee the availability of workers' compensation insurance in
14 the State;

15 (3) serve as the workers' compensation insurer of last resort; and

16 (4) engage only in the business of workers' compensation insurance in
17 accordance with State law.

18 10-107.

19 (a) **(1) The [Fund] COMPANY IS A STATUTORILY CREATED**
20 **NONPROFIT INSURER.**

21 **(2) THE COMPANY IS NOT A UNIT OF STATE GOVERNMENT AND** is
22 independent of all State units.

23 (b) [(1) Except as **OTHERWISE SPECIFICALLY** provided in [paragraph (2)
24 of this subsection and elsewhere in this subtitle] LAW, the [Fund] COMPANY is not
25 subject to any law, including § 6-106 of the State Government Article, that affects
26 governmental units.

27 [(2) The Fund is subject to:

28 (i) Title 10, Subtitle 6, Part III of the State Government Article;

29 (ii) Title 12 of the State Government Article;

30 (iii) the Maryland Public Ethics Law; and

1 (iv) Title 5, Subtitle 3 of the State Personnel and Pensions
2 Article.

3 (3) Paragraph (1) of this subsection does not affect the exemption from
4 property tax under § 7-210 of the Tax – Property Article.]

5 (c) The [Fund] COMPANY is a member of the Property and Casualty
6 Insurance Guaranty Corporation.

7 10-108.

8 Beginning with calendar year 1994, the calendar year is the fiscal year of the
9 [Fund] COMPANY.

10 10-109.

11 There is a Board for the [Injured Workers' Insurance Fund] CHESAPEAKE
12 EMPLOYERS' MUTUAL INSURANCE COMPANY.

13 10-113.

14 (a) The Board:

15 (1) shall appoint a President of the [Fund] COMPANY;

16 (2) shall appoint or employ attorneys to advise and represent the
17 [Fund] COMPANY in all legal matters and, where necessary, to sue or defend suits in
18 the name of the [Fund] COMPANY; and

19 (3) may employ other staff.

20 (b) [(1) Except as provided in paragraph (2) of this subsection, employees
21 of the Fund are special appointments.

22 (2) A classified employee of the Fund hired before July 1, 1990 in a
23 nonprofessional or nontechnical position shall remain a member of the classified
24 service or its equivalent in the State Personnel Management System as long as the
25 employee remains in a nonprofessional or nontechnical position with the Fund]
26 **EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED BY LAW, AN EMPLOYEE OF**
27 **THE COMPANY IS NOT AN EMPLOYEE OF THE STATE AND IS NOT SUBJECT TO**
28 **ANY LAW OR REGULATION GOVERNING STATE EMPLOYMENT OR**
29 **COMPENSATION.**

30 [(c) (1) Except as otherwise provided by law, the Board shall set
31 compensation for its employees.

1 (2) To the extent practicable, the Board shall set the compensation in
2 accordance with the State pay plan.

3 (d) (1) This subsection does not apply to the layoff of an employee because
4 of lack of work.

5 (2) A special appointment employee of the Fund may not be
6 permanently removed unless:

7 (i) written charges are filed;

8 (ii) the employee has an opportunity for a hearing in accordance
9 with Title 10, Subtitle 2 of the State Government Article; and

10 (iii) there is cause for removal.]

11 10–114.

12 (b) (1) The Board shall have a plan to promote the services of the [Fund]
13 **COMPANY** to employers in the State.

14 (2) As part of the plan, the Board may prepare a pamphlet about the
15 [Fund] **COMPANY** and provide copies to each county for distribution to businesses
16 with personal property tax bills.

17 10–117.

18 The Board:

19 (1) shall use the [Fund] **COMPANY** to insure employers against
20 liability under Title 9 of this article; and

21 (2) may use the [Fund] **COMPANY**:

22 (i) to provide employer’s liability insurance; and

23 (ii) on behalf of a policyholder, to pay benefits equal to benefits
24 allowed under:

25 1. a compensation law of another state; or

26 2. a federal compensation law.

27 10–118.

1 (a) The [Fund] ASSETS OF THE COMPANY shall consist of ALL REVENUE
2 RECEIVED BY THE COMPANY INCLUDING:

3 (1) premiums for insurance that the [Fund] COMPANY issues;

4 (2) EARNINGS FROM THIRD-PARTY ADMINISTRATIVE AND
5 RELATED ACTIVITIES;

6 (3) income from investments under § 10-122 of this subtitle; AND

7 [(3)] (4) interests on deposits or investments of money from the
8 [Fund; and

9 (4) the money that the Attorney General collects under § 10-133(c) of
10 this subtitle on debts] COMPANY.

11 (b) The [Fund] ASSETS OF THE COMPANY shall include each security or
12 other property that is acquired with money of the [Fund] COMPANY.

13 (c) The Board shall use the [Fund] ASSETS OF THE COMPANY to pay all of
14 the expenses under this subtitle, including losses on insurance that the [Fund]
15 COMPANY issues.

16 (D) IF THE COMPANY IS PLACED IN CONSERVATORSHIP OR
17 RECEIVERSHIP OR BECOMES INSOLVENT, THE STATE HAS NO LIABILITY OR
18 RESPONSIBILITY TO THE POLICYHOLDERS, PERSONS RECEIVING WORKERS'
19 COMPENSATION BENEFITS, OR THE CREDITORS OF THE COMPANY.

20 (E) (1) THE STATE HAS NO INTEREST IN THE ASSETS OF THE
21 COMPANY.

22 (2) ALL REVENUES, MONEY, AND ASSETS OF THE COMPANY
23 BELONG SOLELY TO THE COMPANY AND ARE HELD BY THE COMPANY IN TRUST
24 FOR THE POLICYHOLDERS, INJURED WORKERS AND THEIR FAMILIES, AND
25 CREDITORS OF THE COMPANY.

26 (F) THE STATE MAY NOT BORROW, APPROPRIATE, OR DIRECT
27 PAYMENTS FROM THE REVENUES, MONEY, OR ASSETS OF THE COMPANY FOR
28 ANY PURPOSE.

29 10-119.

30 (A) AN EMPLOYEE OF THE COMPANY SHALL CONTINUE TO BE A
31 MEMBER OF THE EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF

1 MARYLAND OR THE EMPLOYEES' PENSION SYSTEM OF THE STATE OF
2 MARYLAND IF THE EMPLOYEE HAS AT LEAST 5 YEARS OF ELIGIBILITY SERVICE
3 AS DEFINED IN § 20-201 OF THE STATE PERSONNEL AND PENSIONS ARTICLE
4 ON OR BEFORE SEPTEMBER 30, 2010.

5 (B) AN EMPLOYEE OF THE COMPANY WHO IS HIRED ON OR AFTER
6 OCTOBER 1, 2010, IS NOT A MEMBER OF THE EMPLOYEES' RETIREMENT
7 SYSTEM OF THE STATE OF MARYLAND OR THE EMPLOYEES' PENSION SYSTEM
8 OF THE STATE OF MARYLAND.

9 (C) (1) AN EMPLOYEE OF THE COMPANY ON OCTOBER 1, 2010, WHO
10 HAS LESS THAN 5 YEARS OF ELIGIBILITY SERVICE MAY CONTINUE TO BE A
11 MEMBER OF THE EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND
12 IF ON OR BEFORE DECEMBER 31, 2010, THE EMPLOYEE ELECTS, ON A FORM
13 PROVIDED BY THE BOARD OF TRUSTEES OF THE STATE RETIREMENT AND
14 PENSION SYSTEM, TO REMAIN A MEMBER OF THE EMPLOYEES' PENSION
15 SYSTEM OF THE STATE OF MARYLAND.

16 (2) IF ON OR BEFORE DECEMBER 31, 2010, AN EMPLOYEE DOES
17 NOT ELECT TO REMAIN A MEMBER OF THE EMPLOYEE'S PENSION SYSTEM:

18 (I) THE EMPLOYEE MAY NOT REMAIN A MEMBER OF THE
19 EMPLOYEE'S PENSION SYSTEM OF THE STATE OF MARYLAND; AND

20 (II) THE EMPLOYEE'S ACCUMULATED CONTRIBUTIONS
21 SHALL BE RETURNED TO THE EMPLOYEE, AS PROVIDED IN § 29-502 OF THE
22 STATE PERSONNEL AND PENSIONS ARTICLE.

23 (D) FOR AN EMPLOYEE OF THE COMPANY WHO REMAINS IN THE
24 EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF MARYLAND OR THE
25 EMPLOYEES' PENSION SYSTEM OF THE STATE OF MARYLAND, THE COMPANY
26 SHALL BE LIABLE FOR AND SHALL PAY TO THE MARYLAND STATE RETIREMENT
27 SYSTEM THE EMPLOYER'S STATE SHARE OF EMPLOYEE RETIREMENT OR
28 PENSION COSTS, AS PROVIDED IN § 21-307(P) OF THE STATE PERSONNEL AND
29 PENSIONS ARTICLE.

30 10-120.

31 (a) The Board shall administer the [Fund] COMPANY.

32 (b) (1) The Board shall prepare capital and operating budgets for the
33 [Fund] COMPANY.

1 (2) For information only, the Board shall submit the budgets to the
2 Senate Budget and Taxation Committee and the House Appropriations Committee.

3 (c) The Board shall issue receipts for money that the [Fund] COMPANY
4 receives.

5 10–122.

6 (c) (1) To assist it in achieving the goal described under subsection (a) of
7 this section, the Board shall undertake measures to remove any barriers that limit full
8 participation by minority business enterprises in brokerage and investment
9 management services opportunities afforded by the [Fund] COMPANY.

10 (2) The measures undertaken by the Board shall include the use of a
11 wide variety of media, including the Board’s website, to provide notice to a broad and
12 varied range of potential providers about the brokerage and investment management
13 services opportunities afforded by the [Fund] COMPANY.

14 (d) In conjunction with the Governor’s Office of Minority Affairs, the Board
15 shall develop guidelines to assist it in identifying and evaluating qualified minority
16 business enterprises in order to help the [Fund] COMPANY achieve the objective for
17 greater use of minority business enterprises for brokerage and investment
18 management services.

19 (e) On or before September 1 each year, the Board shall submit a report to
20 the Governor’s Office of Minority Affairs and, subject to § 2–1246 of the State
21 Government Article, the General Assembly on:

22 (1) the identity of the minority business enterprise brokerage and
23 investment management services firms used by the Board in the immediately
24 preceding fiscal year;

25 (2) the percentage and dollar value of the [Fund] COMPANY assets
26 that are under the investment control of minority business enterprise brokerage and
27 investment management services firms; and

28 (3) the measures the Board undertook in the immediately preceding
29 fiscal year in accordance with subsection (c)(2) of this section.

30 10–125.

31 [(a)] The [Fund] COMPANY shall be examined by the Commissioner in
32 accordance with Title 2, Subtitle 2 (Enforcement) of the Insurance Article.

33 [(b)] As part of an examination under § 2–205 of the Insurance Article, the
34 Commissioner shall, at least once every 5 years, determine whether the Fund’s rate
35 making practices produce actuarially sound rates.]

1 10–126.

2 (a) Within 90 days after the close of each fiscal year, the Board shall submit
3 to the Governor an annual report that includes a detailed statement of:

4 (1) the condition and expenses of the [Fund] COMPANY in detail;

5 (2) growth of the [Fund] COMPANY;

6 (3) changes in earned premiums of the [Fund] COMPANY;

7 (4) changes in the number of policyholders of the [Fund] COMPANY;

8 (5) the degree of the [Fund's] COMPANY'S personnel flexibility;

9 (6) trends in the overall market share; and

10 (7) trends in the premium to expense ratio.

11 (b) (1) On or before October 1 of each year, the [Fund] COMPANY shall
12 submit to the Governor:

13 (i) a copy of each policy form that the [Fund] COMPANY will
14 use during the next calendar year;

15 (ii) the schedule of premium rates that the [Fund] COMPANY
16 will charge for the next calendar year;

17 (iii) information about provision for claim payment, as defined in
18 § 11–330(a) of the Insurance Article, for each class for which the [Fund] COMPANY
19 writes coverage; and

20 (iv) other information that the Governor requests about
21 premium rates, including classes, financial information, and losses.

22 (2) (i) Information required under paragraph (1)(ii) through (iv) of
23 this subsection shall be submitted on the form that the Governor requires.

24 (ii) The form shall conform as closely as possible to the form
25 that a rating organization uses to comply with §§ 11–307, 11–329, and 11–330 of the
26 Insurance Article.

27 10–127.

28 If the General Assembly repeals this subtitle, money in the [Fund] COMPANY
29 at the time of repeal shall be distributed:

1 (1) as the General Assembly provides; or

2 (2) if the General Assembly does not provide for distribution, as justice
3 requires, with due regard for existing obligations for compensation.

4 10–130.

5 (a) The Board shall adopt a schedule of premium rates in accordance with
6 sound actuarial practices and shall ensure that the rates are not excessive,
7 inadequate, or unfairly discriminatory.

8 (b) The Commissioner shall, **AT LEAST ONCE EVERY 5 YEARS**, review the
9 **[Fund's] COMPANY'S** rates as part of an examination under § 2–205 of the Insurance
10 Article to determine whether the **[Fund's] COMPANY'S** rate making practices produce
11 actuarially sound rates.

12 (c) (1) The Board shall determine the schedule by:

13 (i) classifying all of the policyholders on the basis of the
14 respective level of hazard of their enterprises; and

15 (ii) setting a premium rate for each class on the basis of:

16 1. its level of hazard; and

17 2. incentives to prevent injuries to employees.

18 (2) To determine the schedule, the Board shall use the rating system
19 that, in the opinion of the Board:

20 (i) most accurately measures the level of hazard for each
21 policyholder on the basis of the number of injuries that occur in the enterprises of the
22 policyholder;

23 (ii) encourages the prevention of injuries; and

24 (iii) ensures the solvency of the **[Fund] COMPANY** from year to
25 year.

26 (3) The Board may set minimum premium rates.

27 10–133.

28 (a) The Board shall adopt policies that provide procedures and standards for
29 the payment of premiums.

1 (b) [(1) Subject to paragraph (2) of this subsection] **IN ACCORDANCE**
2 **WITH § 19-406 OF THE INSURANCE ARTICLE**, the [Board, the President of the
3 Fund, or the Executive Vice President of the Fund] **COMPANY** may:

4 (i) cancel the insurance of a policyholder who fails to pay a
5 premium due to the [Fund] **COMPANY**; and

6 (ii) [refer to the Attorney General, for] **PURSUE** collection[,] **OF**
7 the debt of any policyholder whose insurance is being canceled under this paragraph.

8 [(2) At least 10 days before the date set for cancellation of insurance
9 under this subsection, the Board shall:

10 (i) serve on the policyholder, by personal service or by certified
11 or registered mail sent to the last known resident address of the policyholder, a notice
12 of intention to cancel insurance; and

13 (ii) submit a copy of the notice to the Workers' Compensation
14 Commission's designee.

15 (3) Notice under this subsection may be given:

16 (i) for a policyholder that is a corporation, to an official or other
17 agent of the corporation on whom legal process may be served; and

18 (ii) for a policyholder that is a partnership, to any partner.

19 (4) Notice under this subsection shall state the date on which the
20 cancellation is to become effective.

21 (5) Whenever a debt is referred under this subsection for collection,
22 the insurance may not be reinstated until the debt is paid in full.

23 (c) (1) Whenever a debt is referred under this section for collection, the
24 Board, the President of the Fund, or the Executive Vice President of the Fund shall
25 provide the Attorney General with:

26 (i) the name of the policyholder;

27 (ii) each known business or resident address of the policyholder;
28 and

29 (iii) a statement of the amount that the policyholder owes to the
30 Fund.

31 (2) The Attorney General may sue, in the name of the Fund, to collect
32 the debt.]

1 [(d)] (C) If the [President of the Fund] **COMPANY** considers settlement to
2 be in the best interest of the [Fund] **COMPANY**, a debt that [is referred under this
3 section for] **THE COMPANY IS PURSUING FOR** collection may be settled.

4 10–135.

5 (a) The Board may:

6 (1) adopt requirements for uniform payroll; and

7 (2) require each policyholder to conform to the requirements.

8 (b) In accordance with the requirements that the Board adopts, each
9 policyholder shall submit a report on wages or other documentation to the [Board]
10 **COMPANY** at intervals that the Board sets.

11 (c) The Board or its authorized employee may inspect at any time the payroll
12 of a policyholder.

13 (d) [(1) Subject to paragraph (2) of this subsection, the Board, the
14 President of the Fund, or the Executive Vice President of the Fund] **IN ACCORDANCE**
15 **WITH § 19–406 OF THE INSURANCE ARTICLE, THE COMPANY** may cancel the
16 insurance of a policyholder who:

17 (i) fails to comply with subsection (b) of this section; or

18 (ii) refuses to allow an inspection authorized under subsection
19 (c) of this section.

20 [(2) At least 30 days before the date set for cancellation of insurance
21 under this subsection, the Board shall:

22 (i) serve on the policyholder, by personal service or by certified
23 or registered mail sent to the last known resident address of the policyholder, a notice
24 of intention to cancel insurance; and

25 (ii) submit a copy of the notice to the Workers' Compensation
26 Commission's designee.

27 (3) Notice under this subsection may be given:

28 (i) for a policyholder that is a corporation, to an official or other
29 agent of the corporation on whom legal process may be served; and

30 (ii) for a policyholder that is a partnership, to any partner.

1 (4) Notice under this subsection shall state the date on which the
2 cancellation is to become effective.]

3 10–136.

4 A policyholder may cancel a policy under this subtitle, if the policyholder:

5 (1) gives the [Fund] COMPANY written notice; and

6 (2) promptly pays all premiums owed to the [Fund] COMPANY.

7 10–137.

8 If the Board considers an account to be uncollectible, the account may be
9 charged from the books of the [Fund] COMPANY.

10 10–138.

11 (a) Subject to subsection (b) of this section, the [President of the Fund]
12 COMPANY may settle a claim that the [Fund] COMPANY has against a governmental
13 unit or person who is alleged to be liable for an accident for which the [Fund]
14 COMPANY pays compensation.

15 (b) The [President] COMPANY may settle a claim under this section only if:

16 (1) the Workers' Compensation Commission consents; and

17 (2) for a settlement that will prejudice any right of an injured
18 employee, the employee consents.

19 Article – State Government

20 12–101.

21 (a) In this subtitle, unless the context clearly requires otherwise, “State
22 personnel” means:

23 (1) a State employee or official who is paid in whole or in part by the
24 Central Payroll Bureau in the Office of the Comptroller of the Treasury;

25 (2) an employee or official of the:

26 (i) Maryland Transportation Authority;

27 (ii) [Injured Workers' Insurance Fund;

28 (iii)] Maryland Stadium Authority;

- 1 [(iv)] (III) Maryland Environmental Service;
- 2 [(v)] (IV) overseas programs of the University College of the
3 University System of Maryland;
- 4 [(vi)](V) Maryland Economic Development Corporation;
- 5 [(vii)] (VI) Maryland Technology Development Corporation;
- 6 [(viii)] (VII) Maryland African American Museum Corporation;
- 7 [(ix)] (VIII) Maryland Automobile Insurance Fund;
- 8 [(x)] (IX) Maryland Health and Higher Educational Facilities
9 Authority;
- 10 [(xi)] (X) Maryland Agricultural and Resource–Based Industry
11 Development Corporation;
- 12 [(xii)] (XI) Somers Cove Marina Commission; and
- 13 [(xiii)] (XII) Maryland Workforce Corporation;

14 **Article – State Personnel and Pensions**

15 2–512.

16 (a) In this section, “qualifying not–for–profit organization” means an
17 organization that:

18 (1) (i) receives State funds from the Department of Health and
19 Mental Hygiene that cover more than one–third of the organization’s operating
20 expenses; and

21 (ii) is:

22 1. described in § 501(c)(3) of the Internal Revenue Code;

23 and

24 2. exempt from income tax under § 501(a) of the Internal
25 Revenue Code;

26 (2) is the Legal Aid Bureau, Inc.; [or]

27 (3) is the Maryland Crime Victims’ Resource Center; **OR**

1 **(4) IS THE CHESAPEAKE EMPLOYERS' MUTUAL INSURANCE**
2 **COMPANY AND IS EXEMPT FROM INCOME TAX UNDER § 501(C)(27) OF THE**
3 **INTERNAL REVENUE CODE.**

4 21-307.

5 **(P) FOR THE FISCAL YEAR BEGINNING JULY 1, 2011, AND EACH**
6 **SUBSEQUENT FISCAL YEAR, FOR EACH EMPLOYEE OF THE CHESAPEAKE**
7 **EMPLOYERS' MUTUAL INSURANCE COMPANY WHO REMAINS A MEMBER OF THE**
8 **EMPLOYEES' RETIREMENT SYSTEM OR THE EMPLOYEES' PENSION SYSTEM**
9 **UNDER § 10-119 OF THE LABOR AND EMPLOYMENT ARTICLE, THE**
10 **CHESAPEAKE EMPLOYERS' MUTUAL INSURANCE COMPANY SHALL PAY TO THE**
11 **BOARD OF TRUSTEES THE EMPLOYER CONTRIBUTIONS THAT WOULD**
12 **OTHERWISE BE REQUIRED TO BE PAID BY THE STATE ON BEHALF OF THE**
13 **MEMBER.**

14 22-201.

15 (a) Except as provided in subsection (b) of this section, §§ 22-202 through
16 22-204 of this subtitle apply only to:

17 (8) a court reporter for the Circuit Court for Charles County who is a
18 member of the Employees' Retirement System on July 1, 1994; [and]

19 (9) a staff employee of the University System of Maryland, Morgan
20 State University, or St. Mary's College who is a member of the Employees' Retirement
21 System as of January 1, 1998; AND

22 **(10) AN EMPLOYEE OF THE CHESAPEAKE EMPLOYERS' MUTUAL**
23 **INSURANCE COMPANY WHO, AS OF SEPTEMBER 30, 2010, IS A MEMBER OF THE**
24 **EMPLOYEES' RETIREMENT SYSTEM AND HAS MORE THAN 5 YEARS OF**
25 **ELIGIBILITY SERVICE.**

26 23-201.

27 (a) Except as provided in subsection (b) of this section, §§ 23-203 through
28 23-205 of this subtitle apply only to:

29 (17) an employee of the Town of Sykesville on or after the date that the
30 Town of Sykesville begins participation in the Employees' Pension System; [and]

31 (18) an employee of the Town of University Park on or after the date
32 that the Town of University Park begins participation in the Employees' Pension
33 System; AND

1 **(19) AN EMPLOYEE OF THE CHESAPEAKE EMPLOYERS' MUTUAL**
2 **INSURANCE COMPANY WHO, AS OF SEPTEMBER 30, 2010:**

3 **(I) IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM;**
4 **AND**

5 **(II) 1. HAS AT LEAST 5 YEARS OF ELIGIBILITY SERVICE;**
6 **OR**

7 **2. HAS LESS THAN 5 YEARS OF ELIGIBILITY**
8 **SERVICES AND ON OR BEFORE DECEMBER 31, 2010, ELECTS TO REMAIN A**
9 **MEMBER OF THE EMPLOYEES' PENSION SYSTEM UNDER § 10-119 OF THE**
10 **LABOR AND EMPLOYMENT ARTICLE.**

11 (b) Sections 23-203 through 23-205 of this subtitle do not apply to:

12 (10) an appointed or elected official who on or after July 1, 2007, is a
13 member of any other State or local retirement or pension system as defined under
14 Title 37 of this article; [or]

15 (11) the Director of the Department of Social Services in Montgomery
16 County who:

17 (i) was transferred into the State Personnel Management
18 System as an employee of the Social Services Administration of the Maryland
19 Department of Human Resources;

20 (ii) elected, under § 3-403.1 of the Human Services Article, to
21 remain as a participant in the Montgomery County Employees' Retirement System;
22 and

23 (iii) remains as an employee of the Social Services
24 Administration of the Maryland Department of Human Resources; **OR**

25 **(12) AN EMPLOYEE OF THE CHESAPEAKE EMPLOYERS' MUTUAL**
26 **INSURANCE COMPANY WHO, AS OF SEPTEMBER 30, 2010:**

27 **(I) IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM;**
28 **AND**

29 **(II) HAS LESS THAN 5 YEARS OF ELIGIBILITY SERVICE AND**
30 **ON OR BEFORE DECEMBER 31, 2010, DOES NOT ELECT TO REMAIN A MEMBER**
31 **OF THE EMPLOYEES' PENSION SYSTEM UNDER § 10-119 OF THE INSURANCE**
32 **ARTICLE.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That notwithstanding the
2 changes made to § 10–113 of the Labor and Employment Article, employees who were
3 hired by the Injured Workers’ Insurance Fund on or before October 1, 2010, are
4 subject to the following provisions:

5 (a) An employee of the Chesapeake Employers’ Mutual Insurance
6 Company may not be permanently removed unless:

7 (i) written charges are filed;

8 (ii) the employee has an opportunity for a hearing in accordance
9 with Title 10, Subtitle 2 of the State Government Article; and

10 (iii) there is a cause for removal.

11 (b) This section does not apply to the layoff of an employee because of
12 lack of work.

13 SECTION 3. AND BE IT FURTHER ENACTED, That, as provided in this Act,
14 the Chesapeake Employers’ Mutual Insurance Company is the successor of the Injured
15 Workers’ Insurance Fund, the Board for the Chesapeake Employers’ Mutual Insurance
16 Company is the successor of the Board for the Injured Workers’ Insurance Fund, and
17 the President of the Chesapeake Employers’ Mutual Insurance Company is the
18 successor of the President of the Injured Workers’ Insurance Fund. In every law,
19 executive order, rule, regulation, policy or document created by an official, employee or
20 unit of this State, the names and titles of those agencies and officials mean the names
21 and titles of the successor agency or official, as provided in this Act. Notwithstanding
22 any other provision of this Act, the Company may trade under the name Injured
23 Workers’ Insurance Fund for up to one year after the effective date of this Act.

24 SECTION 4. AND BE IT FURTHER ENACTED, That, as of the effective date of
25 this Act, all the functions, powers, duties, equipment, assets, real and personal
26 property, liabilities, and employees of the Injured Workers’ Insurance Fund shall be
27 transferred to the Chesapeake Employers’ Mutual Insurance Company. This transfer
28 shall include the real and personal property located at 8722 Loch Raven Blvd Towson
29 Maryland 21286. In consideration of these transfers and in order to extinguish any
30 claim the State has or may have against the moneys, property, or assets of the
31 Chesapeake Employers Mutual Insurance Company, arising out of any source
32 including the appropriation to the State Accident Fund in Chapter 800, Laws of
33 Maryland (1914), the Company shall transfer \$20 million to the general fund, as
34 provided in Chapter____(Senate Bill 141) of the Acts of the General Assembly of 2010.

35 SECTION 5. AND BE IT FURTHER ENACTED, That the publisher of the
36 Annotated Code of Maryland, in consultation with and subject to the approval of the
37 Department of Legislative Services, shall correct, with no further action required by
38 the General Assembly, cross–references and terminology rendered incorrect by this
39 Act. The publisher shall adequately describe any such correction in an editor’s note
40 following the section affected.

1 SECTION 6. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2010.